

Message Text

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TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 278752

FOLLOWING REPEAT MEXICO 10616 SENT ACTION SECSTATE
INFO LONDON MADRID PARIS, DECEMBER 20TH:

QUOTE C O N F I D E N T I A L MEXICO 10616

E.O. 11652: GDS

TAGS: ENRG, PFOR

SUBJECT: 7.4 BILLION BARRELS ARAB OIL AVAILABLE TO US
OVER NEXT SIX YEARS AT LESS THAN OPEC PRICES; MORE, IF
DESIRED

REF: MEXICO 10346, 10376

1. MEXICAN "INDUSTRIALIST" CHAHIN RETURNED FROM PARIS
DECEMBER 17 AND CALLED AT EMBASSY DECEMBER 18, 19 TO CONFIRM
DETAILS REPORTED REFTELS, NAMELY:

A) ONE BILLION METRIC TONS ARAB OIL (7.4 BARRELS PER TON)
OFFERED BY ARAB PRODUCING COUNTRIES TO U.S. THROUGH ARRANGE-
MENTS COMPLETED IN PARIS DECEMBER 13 AND 16, 1974 BETWEEN
MAMODE ABDOOL GAFOOR/CHAHIN OF MEXICO AND ASSOCIATES.
(GAFOOR IS ARAB REPRESENTATIVE, PRESIDENT OF ISLAMIC BANK
IN PARIS AND PRESIDENT, MUSSULMAN UNIVERSAL COMMUNITY).

B) CONTRACT TO EFFECT STATED SIGNED PARIS DECEMBER 13
AND DULY NOTARIZED BY NOTARY PUBLIC M. PHILIPPE GUITTON,
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OF 19 BOULEVARD DE COURCELLES. ADDITIONAL PROTOCOL

SIGNED PARIS DECEMBER 16 BY SAME PARTIES, NOTARIZED BEFORE SAME NOTARY PUBLIC. (COPIES MADE AVAILABLE TO EMBASSY, MEXICO CITY.)

C) KING FAISAL OF SAUDI ARABIA REQUESTS THAT PRESIDENT FORD BE INFORMED.

D) CHAHIN PLANS RETURN TO PARIS AS SOON AS ARRANGEMENTS COMPLETED WITH MEXICAN OR U.S. BANK TO HANDLE FINANCIAL TRANSACTIONS (DEPOSITORY OF PAYMENTS, DISTRIBUTION OF PROCEEDS, ETC.).

E) AS SOON AS BANKING ARRANGEMENTS COMPLETED OIL AVAILABLE TO U.S. INTERESTS; MORE THAN AMOUNT SPECIFIED IF DESIRED.

F) U.S. PURCHASERS (REFINERIES, OIL IMPORTERS) TO SPECIFY TO CHAHIN AND ASSOCIATES SOURCE OF OIL DESIRED (E.G. SAUDI ARABIA, IRAN, NIGERIA) QUALITY OF SAME, QUANTITY AND DELIVERY DATA. THESE ORDERS WILL BE PROCESSED BY MEXICAN CONSORTIUM THROUGH GAFOOR DIRECTLY TO OIL PRODUCERS.

G) PRICE WILL THEN BE DETERMINED BY GAFOOR IN CONSULTATION WITH PRODUCERS ON UNDERSTANDING THAT SAID PRICE WILL BE SOME TEN PERCENT LESS THAN OPEC RATES. IN THIS CONNECTION, EMBASSY UNDERSTANDS THAT SOME US IMPORTING COMPANIES ARE OBTAINING PRICES AT 93 PERCENT OF CURRENT OPEN MARKET RATES, AND EMBREP SO STATED TO CHAHIN. HIS REPLY WAS "WE WILL SELL FOR LESS."

2. COPIES OF DECEMBER 13 CONTRACT AND DECEMBER 16 SEPARATE PROTOCOL ("DELEGATION") BEING POUCHED TO DEPARTMENT. IT WILL BE NOTED THAT CHAHIN APPEARS AS JSEUS CHAHIN SIMON, THE SIMON BEING HIS MATRONYM.

3. CHAHIN ADVISED FURTHER THAT ONE PARTNER HAS PROCEEDED TO SPAIN WHICH, AS PREVIOUSLY REPORTED, WANTS SUBSTANTIAL QUANTITY OIL.

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4. IN REPLY TO EMBASSY QUERY HE STATED THAT ONE OF HIS AMERICAN PARTNERS (PROBABLY BRENNAN) WOULD BE WILLING PROCEED WASHINGTON TO MEET WITH US ENERGY AUTHORITIES AND/OR INTERESTED IMPORTING COMPANIES AT TIME AND DATE CONVENIENT TO LATTER. HE URGED SPEEDY ACTION.

5. CHAHIN FURTHER ADVISED THAT GAFOOR HAS BEEN MIDDLEMAN FOR ARAB OIL PRODUCERS IN THEIR SALES TO FRANCE FOR PAST

20 YEARS; THAT THE PRESENT OIL OFFERED TO THE U.S. WAS WANTED BY FRANCE BUT THAT FAISAL DIVERTED IT TO THE U.S. TO STRENGTHEN PRESIDENT FORD'S HAND IN MARTINIQUE MEETING WITH FRENCH PRESIDENT.

6. COMMENT: EMBASSY HAS ENDEAVORED REPORT THESE DEVELOPMENTS FOR WHAT THEY ARE WORTH. IT NOTES THAT PROGRAM ANNOUNCED IN ADVANCE BY CHAHIN HAS BEEN IMPLEMENTED AND CONTRACTS SIGNED, WITH ONE EXCEPTION; GAFOOR PREFERRED DEAL DIRECTLY WITH CHAHIN AND PARTNERS, AND NOT THROUGH THE LIECHTENSTEIN COMPANY AS PREVIOUSLY CONTEMPLATED.

AS TO WHY THE OIL WAS BEING MADE AVAILABLE TO U.S. IN THIS ROUNDABOUT WAY, CHAHIN SAID HE TOO HAD WONDERED AT THAT AND QUESTIONED GAFOOR ABOUT IT. EMBASSY UNDERSTANDS THAT GAFOOR EXPLAINED THAT THE MEXICAN INTERMEDIARY WAS SANCTIONED PERSONALLY BY KING FAISAL, WHO WANTS COOPERATE WITH U.S. IN PRESENT CRISIS BUT IS PUBLICLY BOUND AS OPEC MEMBER, HENCE HAS CHOSEN THIS MEANS. CHAHIN REPORTED THAT GAFOOR TALKED PERSONALLY BY TELEPHONE WITH FAISAL, IN THEIR PRESENCE, DURING THE FINAL NEGOTIATIONS. IT WILL BE RECALLED THAT GAFOOR VERIFIED FACT THAT CHAHIN OF ARAB DESCENT, THAT HE (GAFOOR) WAS PUT IN CONTACT WITH CHAHIN BY PRINCESS JANNE OF RUMANIA, PRESIDENT OF THE ISLAMIC BANK, LONDON, WHO HAS NEGOTIATED SEVERAL ARAB/ BRITISH OIL DEALS WITH GAFOOR AND IS QUITE FRIENDLY WITH MEXICO.

(FYI. AS PROMISED, CHAHIN CALLED SCICOUNS SIMONPIETRI FROM PARIS, DECEMBER 17. HOWEVER, SINCE HE WAS RETURNING IMMEDIATELY TO MEXICO, EMBASSY PREFERRED AWAIT DETAILS AND DOCUMENTATION FROM HIM PERSONALLY TO PRESENT WRAP-UP INSTEAD OF INTERIM REPORT. CHAHIN AND ASSOCIATES CALLED CONFIDENTIAL

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AT U.S. EMBASSY PARIS. SINCE SCICOUNS SALMON ABSENT, TALKED WITH SOMEONE ELSE (MARTIN, QUESTION MARK) WHO UNFAMILIAR WITH MATTER, SO NO ONE FROM U.S. PRESENT AT CONTRACT SIGNING CEREMONY. END FYI.)

7. ADDITIONAL DETAILS ON SEPARATE FINANCIAL MATTERS BY SEPTTEL. JOVA

UNQUOTE KISSINGER

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